PCBL Chemical (PHICAR)

CMP: ₹ 275 | Target ₹ 300 (9%) | Target Period: 12 months | HOLD

November 3, 2026

Volumes decline in Q2'27, not out of the woods yet...

About the stock: PCBL Chemical (erstwhile Phillips Carbon Black, PCBL) is the leading manufacturer of carbon black, which is used as a reinforcing agent in tyres.

- PCBL also derives ~11% of sales volume from speciality carbon black
- Present in speciality chemical domain though Aquapharm Chemicals

Q2FY27 Result: PCBL reported muted results led by decline in carbon black sales volume amid challenging external scenario (higher crude prices, higher freight and logistics costs-exports). On the consolidated basis, at PCBL, net sales for Q2FY27 came in at ₹ 2,474 crore with carbon black sales volumes at 134 kt (down 17% YoY). EBITDA for the quarter came in at ₹294 crore with margins at 11.9% (down 410 bps QoQ). PAT for Q2'27 stood at ₹74 crore vs. ₹ 155 crore in Q1'27. Adjusted EBITDA/tonne in carbon black space stood at ~₹ 17,500/t vs. ~₹18,400/t in Q1FY27.

Investment Rationale:

- **Carbon black business – volatile times, volumes take a knock off:** PCBL's carbon black business is witnessing heightened global volatility amid crude price led rise in carbon black prices (delaying customer buying) and higher freight & logistics costs (impacting its export push). Consequently, the carbon black volumes have been muted in the recent past with Q1'27 volumes being flat and Q2'27 witnessing ~17% YoY decline. With no sight of stability, PCBL finds it challenging to meet its ~7% volume growth target for FY27 with we building nearly flattish volumes for FY27E at 617KT. EBITDA/tonne however has been steady & above expectations at ~₹ 18k/t for H1FY27. With company sticking to it double digit improvement in EBITDA/tonne profile for FY27E over FY26. We bake in EBITDA/tonne of ₹ 18.5k for FY27E vs. ₹ 14.2k/t reported in FY26. For FY28E we bake in 8% YoY volume growth and EBITDA/tonne of ₹ 18.5k/tonne.
- **Aquapharm recovery below expectations, long term targets unchanged:** PCBL had acquired Aquapharm with the vision to scale it and make it big in the speciality chemical space especially water chemicals. This however coincided with cyclical peak in speciality chemicals domain & operational/ leadership challenges at Aquapharm, thereby limiting expected growth and margin trajectory. Quarterly results at Aquapharm have also been below expectations with company faltering on its margin recovery guidance. We tone down our estimates for Aquapharm and now built in more modest growth & margin recovery going forward. On the other hand, PCBL remains committed to its long-term targets especially its innovative work in conductive grade carbon black & nano silica. We await more tangible outcomes before building the same in our numbers (FY29E likely)

Rating and Target Price

- With uncertain global carbon black demand outlook, challenges on exports freight & shipping costs and persistent challenges at Aquapharm, PCBL lacks trigger for substantial up-move going forward. Consequently, **we retain our HOLD rating on PCBL Chemicals with revised target price as ₹ 300 i.e., 21x P/E on FY28**

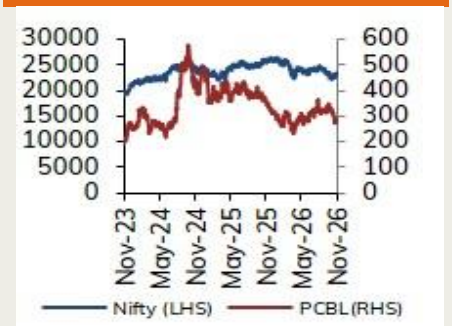
Particulars

Stock Data	₹ crore
Market Capitalization	10,821
Total Debt (FY26)	4,825
Cash & Cash Eqv (FY26)	288
Enterprise Value	15,358
52-week H/L (₹)	374 / 226
Equity Capital	39.4
Face Value	₹ 1

Shareholding pattern

	Dec-25	Mar-26	Jun-26	Sep-26
Promoter	53.4	53.4	53.4	53.4
FII	5.7	5.6	5.8	6.3
DII	10.2	11.0	11.3	13.7
Other	30.7	30.1	29.6	26.6

Price Chart



Recent event & key risks

- PCBL reports muted Q2FY27. Guides for gradual volume pick up and profitability gains going forward
- Key Risk: (i) higher than built in EBITDA/tonne recovery in the carbon black space (ii) lower than built in sales volume growth.

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Key Financial Summary

Key Financials	FY23	FY24	FY25	FY26	5-year CAGR (FY21-26)	FY27E	FY28E	2-year CAGR (FY26-28E)
Net Sales	5,774	6,420	8,404	8,189	25.2%	10,318	10,373	12.5%
EBITDA	731	1,037	1,337	1,043	15.0%	1,301	1,605	24.1%
EBITDA Margins (%)	12.7	16.2	15.9	12.7		12.6	15.5	
Net Profit	442	491	435	198	-8.7%	366	559	68.1%
EPS (₹)	11.7	13.0	11.5	5.0		9.3	14.2	68.1%
P/E	23.5	21.1	23.9	54.7		29.6	19.4	
RoNW (%)	15.6	15.1	11.8	5.4		8.8	12.6	
RoCE (%)	15.8	10.2	10.9	7.6		9.7	12.3	

Source: Company, ICICI Direct Research

Result Update

ICICI Securities – Retail Equity Research

Key tables & Charts

Exhibit 1: Quarterly Valuation

	Q2FY27	Q2FY26	YoY (%)	Q1FY27	QoQ (%)
Total Operating Income	2,474	2,164	14.4	2,473	0.0
Raw Material Expenses	1,806	1,529	18.1	1,650	9.4
Employee Expenses	118	124	-4.8	130	-9.2
Other expenses	256	244	5.0	297	-13.9
EBITDA	294	266	10.6	396	-25.6
EBITDA Margin (%)	11.9	12.3	-40 bps	16.0	-409 bps
Other Income	16	12	30.5	4	257.3
Depreciation	106	93	14.0	103	2.5
Interest	104	107	-3.0	93	12.3
Total Tax	26	17	59.0	49	-46.5
PAT	74	62	20.1	155	-52.2
Key Metrics					
Carbon Black Sales Volume (tonne)	1,34,180	1,61,728	-17.0	1,53,513	-12.6
Carbon Black EBITDA/tonne (₹/t, Adjusted)	17,528	14,235	23.1	18,430	-4.9

Source: Company, ICICI Direct Research

Exhibit 2: Assumptions

Assumptions	Units	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Carbon Black Sales Volumes	**tonne**	**3,89,260**	**4,54,187**	**4,45,184**	**5,31,849**	**5,96,263**	**6,18,957**	**6,16,800**	**6,68,250**
Speciality Grade Sales Volumes	tonne	23,966	34,687	40,376	57,247	62,450	69,656	75,000	80,000
Carbon Black blended ASP's	₹/kg	67	96	129	113	114	105	138	118
Carbon Black Sales (₹ crore)	**₹ crore**	**2,592**	**4,353**	**5,732**	**6,013**	**6,802**	**6,512**	**8,491**	**7,908**
Carbon Black EBITDA/tonne	₹/tonne	13,322	14,435	16,543	19,322	19,135	14,222	18,500	18,500
Carbon Black EBITDA	**₹ crore**	**519**	**656**	**736**	**1,028**	**1,141**	**880**	**1,141**	**1,236**
Aquapharm Sales	₹ crore	-	-	-	239	1,420	1,443	1,587	1,825
Aquapharm EBITDA margins	%					13.8%	11.3%	10.0%	13.0%
Aquapharm EBITDA	**₹ crore**					**196**	**163**	**159**	**237**
Conductive + Acetylene Black Sales	₹ crore								380
Conductive + Acetylene Black EBITDA	**₹ crore**								**130**

Source: Company, ICICI Direct Research

Exhibit 3: Change in Estimates

	FY27E			FY28E		
(₹ Crore)	Old	New	% Change	Old	New	% Change
Revenue	10,363	10,318	-0.4	10,959	10,373	-5.3
EBITDA	1,382	1,301	-5.9	1,718	1,605	-6.6
EBITDA Margin (%)	13.3	12.6	-73 bps	15.7	15.5	-20 bps
PAT	463	366	-21.0	686	559	-18.5
EPS (₹)	11.8	9.3	-21.0	17.4	14.2	-18.5

Source: ICICI Direct Research

Financial summary

Exhibit 4: Profit and loss statement ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Net Sales	8,404	8,189	10,318	10,373
Other Operating Income	-	-	-	-
Total Operating Income	8,404	8,189	10,318	10,373
Growth (%)	30.9	-2.6	26.0	0.5
Raw Material Expenses	5,810	5,719	7,363	7,106
Employee Expenses	413	463	490	539
Selling Expense	336	328	413	415
Other Operating Expense	509	636	751	708
Total Operating Expenditure	7,068	7,146	9,017	8,768
EBITDA	1,337	1,043	1,301	1,605
Growth (%)	28.9	-22.0	24.7	23.4
Depreciation	346	373	432	478
Interest	461	423	410	406
Other Income	47	39	29	24
PBT	578	286	487	745
Total Tax	142	63	121	186
PAT	435	198	366	559
Growth (%)	-11.5	-54.5	85.0	52.7
EPS (₹)	11.5	5.0	9.3	14.2

Source: Company, ICICI Direct Research

Exhibit 5: Cash flow statement ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Profit after Tax	435	198	366	559
Add: Depreciation	346	373	432	478
(Inc)/dec in Current Assets	-318	656	-869	-161
Inc/(dec) in CL and Provisions	-4	-204	576	170
Others	461	423	410	406
CF from operating activities	919	1,445	915	1,451
(Inc)/dec in Investments	-83	52	-5	-5
(Inc)/dec in Fixed Assets	-861	-847	-400	-600
Others	-86	116	0	0
CF from investing activities	-1,030	-679	-405	-605
Issue/ (Buy back) of Equity	0	2	0	0
Inc/(dec) in loan funds	560	-555	0	-100
Interest & Dividend paid	-669	-659	-646	-681
Inc/(dec) in Share Cap	0	0	0	0
Others	224	346	0	0
CF from financing activities	116	-867	-646	-781
Net Cash flow	4	-101	-136	65
Opening Cash	385	389	288	152
Closing Cash	389	288	152	218

Source: Company, ICICI Direct Research

Exhibit 6: Balance sheet ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Liabilities				
Equity Capital	37.8	39.4	39.4	39.4
Reserve and Surplus	3,660	3,967	4,097	4,380
Total Shareholders funds	3,697	4,006	4,136	4,419
Total Debt	5,380	4,825	4,825	4,725
Deferred Tax Liability	289	263	263	263
Minority Interest / Others	192	241	246	251
Total Liabilities	9,558	9,335	9,470	9,659
Assets				
Gross Block	5,052	6,063	6,279	7,379
Less: Acc Depreciation	1,268	1,641	2,073	2,551
Net Block	3,784	4,422	4,206	4,828
Capital WIP	730	566	750	250
Total Fixed Assets	4,513	4,988	4,956	5,078
Investments & Goodwill	3,329	3,187	3,192	3,197
Inventory	1,268	1,024	1,413	1,421
Debtors	1,794	1,395	1,837	1,989
Loans and Advances	13	56	61	61
Other Current Assets	261	204	236	238
Cash	389	288	152	218
Total Current Assets	3,725	2,968	3,701	3,927
Current Liabilities	1,976	1,727	2,262	2,416
Provisions	98	119	156	167
Current Liabilities & Prov	2,074	1,847	2,418	2,583
Net Current Assets	1,650	1,121	1,283	1,344
Others Assets	66	39	39	39
Application of Funds	9,558	9,335	9,470	9,659

Source: Company, ICICI Direct Research

Exhibit 7: Key ratios

(Year-end March)	FY25	FY26	FY27E	FY28E
Per share data (₹)				
EPS	11.5	5.0	9.3	14.2
Cash EPS	20.7	14.5	20.3	26.3
BV	97.9	101.8	105.1	112.3
DPS	5.5	6.0	6.0	7.0
Cash Per Share (Incl Invst)	98.5	88.3	85.0	86.8
Operating Ratios (%)				
EBITDA Margin	15.9	12.7	12.6	15.5
PAT Margin	5.2	2.4	3.5	5.4
Inventory days	55.1	45.6	50.0	50.0
Debtor days	77.9	62.2	65.0	70.0
Creditor days	85.8	77.0	80.0	85.0
Net Working Capital days	47.1	30.8	35.0	35.0
Return Ratios (%)				
RoE	11.8	5.4	8.8	12.6
RoCE	10.9	7.6	9.7	12.3
RoIC	12.5	8.4	10.8	13.0
Valuation Ratios (x)				
P/E	23.9	54.7	29.6	19.4
EV / EBITDA	11.8	14.7	11.9	9.5
EV / Net Sales	1.9	1.9	1.5	1.5
Market Cap / Sales	1.3	1.3	1.0	1.0
Price to Book Value	2.8	2.7	2.6	2.4
Solvency Ratios				
Debt/EBITDA	4.0	4.6	3.7	2.9
Debt / Equity	1.5	1.2	1.2	1.1
Current Ratio	1.6	1.5	1.5	1.4
Quick Ratio	1.0	0.9	0.9	0.9

Source: Company, ICICI Direct Research

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Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

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